

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF OWEN ELECTRIC)	
COOPERATIVE, INC. FOR AN ORDER)	CASE NO.
ISSUING A CERTIFICATE OF PUBLIC)	95-159
CONVENIENCE AND NECESSITY AND)	
AUTHORITY TO BORROW A SUM OF)	
\$3,203,000 FROM NRUCFC)	

O R D E R

Owen Electric Cooperative Inc. ("Owen") filed its application on April 7, 1995 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow funds from the National Rural Utilities Cooperative Finance Corporation ("CFC"), and to execute its notes for such loan. These improvements and additions are estimated to cost \$10,676,000 and are to be financed by a \$7,473,000 loan from the Rural Utilities Service ("RUS"), and the \$3,203,000 loan from CFC. Evidence filed by Owen included correspondence from RUS and CFC approving the loans.

Owen filed its 1995-1996 Work Plan ("Work Plan") in support of its application for a Certificate of Public Convenience and Necessity. The Work Plan is an analysis which determines the capital plant additions and improvements required in 1995 and 1996 necessary to serve Owen's customers through the 1996-1997 projected winter peak. These improvements and additions are estimated to cost \$10,676,000 as follows:

New Consumer Services	\$ 3,915,621.00
Line Conversions and Changes	1,836,620.00
Transformers and Meters	1,632,430.00
Service Wire, Increase Capacity	210,180.00
Sectionalizing Equipment	156,950.00
Regulators	89,400.00
Ordinary Replacements, Poles	239,800.00
Ordinary Replacements, Conductor	2,231,269.00
Voltage Conversion Transformers	18,010.00
Security Lights	<u>345,720.00</u>
Total	<u>\$10,676,000.00</u>

The proposed construction will enable Owen to continue to provide adequate and dependable service to its customers and is needed to avoid possible voltage deficiencies, to improve service reliability, and to accommodate system growth.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. Public Convenience and Necessity require the construction by Owen of the improvements and additions to its existing plant as described in its 1995-1996 Work Plan, and that a certificate should be granted.

2. The proposed loan from CFC is for lawful objects within the corporate purposes of Owen, is necessary and appropriate for and consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform

that service, and is reasonable, necessary and appropriate for such purposes.

3. Owen is capable of executing its notes as security for the loan as stated herein.

4. Owen should select the interest rate program which will result in the net lowest cost of money to it over the term of the financing.

5. Within 10 days of its selection of the interest rate program, Owen should notify the Commission in writing of the interest rate program selected and of the reasons for its selection.

6. The proceeds from the proposed loans should be used only for the lawful purposes set out in Owen's application.

7. Owen should include in its monthly financial report to the Commission the current interest rate on its outstanding variable rate loans.

8. As the issuance of securities or evidences of indebtedness subject to the control of a federal governmental agency does not require Commission approval, KRS 278.300(10), and as the RUS is an agency of the federal government, no action on Owen's proposed loan from the RUS is required.

IT IS THEREFORE ORDERED that:

1. Owen be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and additions as set forth in its 1995-1996 Work Plan.

2. Owen be and it hereby is authorized to borrow \$3,203,000 from CFC for a 35-year period and bearing either a fixed or variable rate, as chosen by Owen at the time the first monies are drawn from CFC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

3. Owen be and it hereby is authorized to execute its notes as security for the loan herein authorized.

4. Owen shall comply with all matters set out in Findings 4 through 7 as if they were individually so ordered.

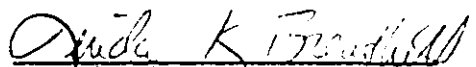
Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 5th day of July, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director